



NEWS RELEASE

*Office of the
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for the
District of Nebraska*
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United States Attorney Deborah Gilg and the Internal Revenue Service announce the following information for the attention of the media:

Event Triggering this Release:

Chief United States District Court Judge Joseph F. Bataillon sentenced Kenneth Seeley upon his conviction for tax evasion. Seeley was sentenced to five months imprisonment with an additional five months of home confinement, and he will be required to serve three years of supervised release following his release from prison. Additionally, Seeley was ordered to pay restitution to the IRS in the amount of \$47,493.00 with credit for amounts paid as of the date of sentencing, and he was ordered to pay a special assessment of \$100.

Kenneth Seeley did not file U.S. Individual Income Tax Returns for 2002, 2003 and 2004. During 2002, and into the 2003 tax years, Seeley instructed various business ventures he was involved with to make his wage/commission income payable to third parties, rather than directly payable to himself. Later, during the 2003, 2004 and 2005 tax years, Seeley instructed the business ventures to make his wage/commission income payable to KEAS, Inc. rather than directly payable to Seeley. Thus, Seeley's wage/commission income from 2002 through 2005 was payable in a name other than his own. By failing to file a personal federal income tax return for the 2002, 2003 and 2004 tax years, he was able to hide income.

As part of the scheme, Seeley created a Nevada corporation called KEAS, Inc. He also created a trust called the KEA Trust. Seeley assigned some of his income earned from the business ventures to the corporation and deducted personal, medical and credit card expenses. He reassigned other parts of his income by expensing payments to the KEA Trust. Once the income was placed into the trust, Seeley would deduct personal expenses from the trust, such as payments to grocery stores, property taxes, credit cards, phone bills, church donations, etc. There was not a true fiduciary relationship between Seeley and the trust, as he maintained control over the trust.

By assigning his income to KEAS, Inc., then deducting personal expenses and paying a service fee to KEA Trust and, in turn, deducting personal expenses from the trust and making his daughter a beneficiary, Seeley avoided approximately \$50,000 in federal income taxes on the wages/commissions he earned from the business ventures.

“The use of trusts intended to conceal income from the IRS is not tax planning; it is criminal activity,” said Toni Weirauch, Special Agent in Charge of IRS Criminal Investigation.

Name of Defendant: Kenneth Allen Seeley

AKA:

Age: 63

City of residence: O’Neill, Nebraska

Crime(s) Charged and Potential Penalty (A CHARGE is merely an accusation and every defendant is presumed innocent until and unless proven guilty) Tax evasion in violation of 26 U.S.C. §7201. The maximum statutory penalty is five years of imprisonment and/or a \$250,000 fine and three years of supervised release.

Specific Location of Alleged Crime: O’Neill, Nebraska

Location of Arrest: a summons was issued in lieu of arrest

Alleged Dollar Loss/Type and Quantity of Drug:

Others Charged in Same Scheme:

Relevant Dates:

Date of Alleged Crime: 2002 through 2006

Federal Arrest Date:

Date Complaint Issued:

Indictment Returned Date: March 17, 2010

Initial Appearance Date: April 20, 2010

Plea or Trial and Date(s): August 18, 2010

Sentencing Date: November 30, 2010

Next Court Hearing Type and Date:

Assigned Magistrate Judge: Honorable Thomas D. Thalken

Held without Bond, or Released from Custody: released from custody

In Continuous Custody Since:

Assigned District Court Judge: Honorable Joseph F. Bataillon

Initials of Assigned AUSA/Preparer of THIS Release: DRS